



PREPROPOSAL STATEMENT OF INQUIRY

(RCW 34.05.310)

CR-101 (7/22/01)

Do **NOT** use for expedited rule making

Agency: Employment Security Department

Subject of possible rule making: Adopt rules related to the collection of unemployment insurance contributions. Topics include rules concerning predecessor and successor employers, clarification of rules regarding the assessment and collection of employer penalties, definition of terms related to predecessor/successor employers and employer penalties, rules related to the transition of employer accounts from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS), and rules concerning the tax rates effective 2005.

(a) Statutes authorizing the agency to adopt rules on this subject: RCW 50.12.010, RCW 50.12.040, and RCW 50.12.042.

(b) Reasons why rules on this subject may be needed and what they might accomplish: Chapter 4, Laws of 2003, 2nd Special Session (2ESB 6097) made substantive revisions to the unemployment insurance program. The legislation revised provisions related to predecessor and successor employers, adopting new terms and imposing additional penalties. In addition, Public Law 108-295 was passed by Congress and requires additional changes pertaining to predecessor-successor employers. The new state law increases the penalty for employers who file untimely tax reports, and adds new penalties for employers filing tax reports that are incomplete, in an incorrect format, or that intentionally misrepresent the employer's payroll. The rules will be modified to clarify how these penalties will be assessed and collected. Rules regarding the transition from SIC to NAICS and the revised tax rates will clarify for the employer community how the department will implement these sections of the state legislation.

(c) Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The U.S. Department of Labor reviews the state's administration of the unemployment insurance program to ensure conformity to federal statutes and regulations. The state has broad flexibility in the implementation of unemployment insurance laws as long as conformity is maintained. The proposed regulations will be shared with USDOL prior to adoption.

(d) Process for developing new rule (check all that apply):

- ☐ Negotiated rule making
- ☐ Pilot rule making
- ☐ Agency study
- ☐ Other (describe)

The department intends to hold informal meetings with stakeholders and interested parties to obtain input on the proposed rules.

(e) How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

(List names, addresses, telephone, fax numbers of persons to contact; describe meetings, other exchanges of information, etc.)

Persons interested in attending meetings to discuss the proposed rules should contact:

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